

Water & Wastewater Systems and Risk Management

Kentucky Public Service Commission
2013 Training Seminars

Presented by:

Kentucky Association of Counties
Risk Management Team

Definition of Risk Management and Loss Control

- ▣ **Risk Management** is a process that identifies loss exposures faced by an organization and selects the most appropriate techniques for treating such exposures.
- ▣ **Loss Exposure** is any situation or circumstance in which a loss is possible, regardless of whether a loss occurs.

GOALS OF A RISK MANAGEMENT PROGRAM

1. Reduce the number injuries
2. Reduce the number of claims
3. Become more defensible in court

Steps in the Risk Management Process

1. Identify loss exposures
2. Analyze the loss exposures
3. Select appropriate techniques for treating the loss exposures and develop a comprehensive program
4. Implement the program
5. Monitor the results and make changes accordingly

How do we identify loss exposures?

We conduct an audit or survey!

- ▣ Self-inspection
- ▣ Third party inspection
- ▣ Encourage employee involvement in maintaining a safe workplace

HOW DO WE ANALYZE OUR EXPOSURES?

REVIEWING PAST EXPERIENCES

1. Insurance claims
2. Near miss incident reports
3. First reports of injury
4. Findings from audits or surveys

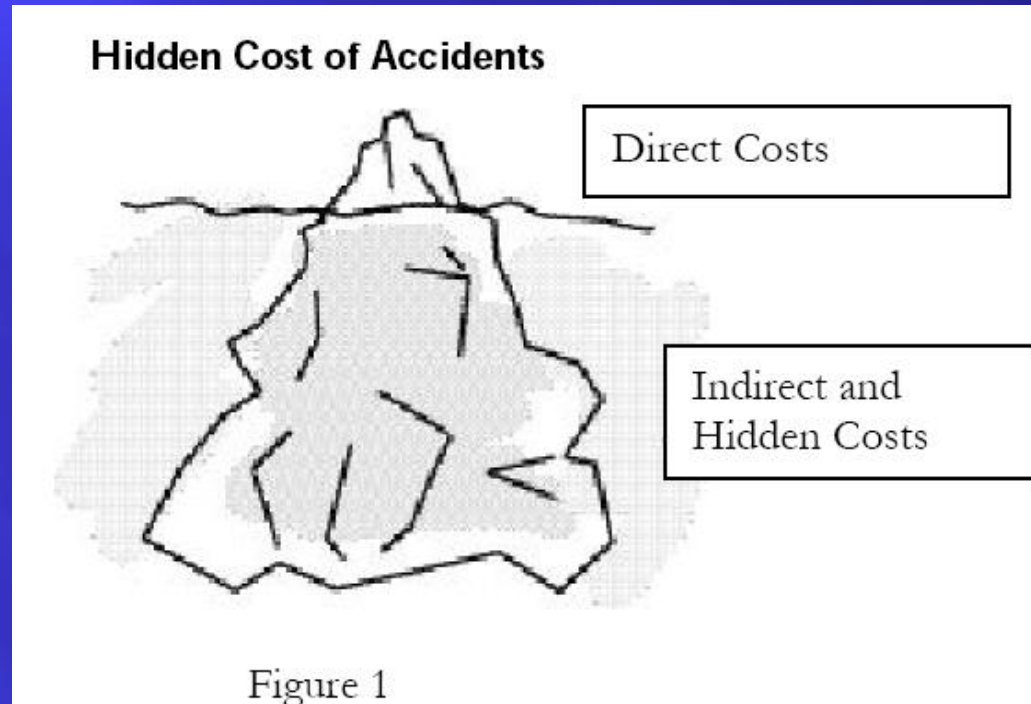
Developing techniques for managing risk

1. Unwavering commitment from all levels of management toward loss control and risk management
2. Policies and Procedures
3. Claim Management
4. Hiring Practices
5. Strong legal representation
6. Core values within the organization
7. Insurance

Safety Cost vs. Investment

Does your organizations consider safety equipment and risk management tools a cost or an investment?

DIRECT AND INDIRECT COSTS OF ACCIDENTS



Total costs of an accident are like an iceberg

The indirect costs of accidents are usually greater than the direct costs. A conservative estimate is that for every \$1 of direct accident costs, there is \$3 of indirect costs. Some studies indicate the hidden costs can be 4 to 10 times the insured costs.

People often try to minimize the costs of accidents by saying that they are covered by insurance. Insurance, however, covers only a portion of the total accident cost. Moreover, as accident losses increase, so will a company's insurance premiums. It is clear that directly and indirectly, accidents reduce profitability.

HIDDEN COSTS OF AN ACCIDENT

- Production loss/worker distraction
- Training costs/replacement worker
- Loss of skill/efficiency – slowed production
- Paperwork
- Administrative time
- Loss of morale
- Legal issues
- Medical expenses
- Wages
- Equipment
- Workers Compensation

HIDDEN SAVINGS IN ACCIDENT PREVENTION

- Employees will not be injured or killed.
- Property and materials will not be destroyed.
- Production will flow more smoothly.
- You will have more time for other management duties of your job.
- Increased employee security at work.

Elements in a Risk Management Program

Loss Exposure Surveys

Loss Control Surveys are conducted to allow:

- ▣ An on-site review of the operational and physical plant of the member insured's exposure to risk.
- ▣ A roster outlining the risk identification, along with recommendations to reduce the exposure to loss.



Safety Tidbits!

SAFETY IS A CORE VALUE!

- ▣ Why do we keep hitting our selves?
- ▣ Keeping your back safe
- ▣ Avoiding Slips, Trips & Falls
- ▣ Safety is everyone's responsibility

Issue: Employment Practices

- ▣ Most Frequent Suits Against Water Districts, Commissioners and Employees:
 - Disciplinary and Termination Cases
 - Discrimination Cases
 - Employee Benefits/Sick Leave; Comp. Time, Family Medical Leave Act and other types of leave, etc.

Issue: Workers' Comp in KY

- ▣ Arising out of and...
- ▣ In the course of employment
- ▣ 66 2/3
- ▣ Importance of reporting
- ▣ Accident/Incident/Near-miss reporting

Recording “Near Misses”



LEGAL ISSUES

- ▣ Personal liability for board members and employees
- ▣ Hold Harmless agreements
- ▣ Legal liability for organization
- ▣ Negligence
- ▣ Employee dishonesty
- ▣ Sub-contractor safety and contracts
- ▣ Lease and rental agreements

FLEET SAFETY

- ▣ Multiple exposures related to a single event
 - Bodily injuries (multiple claims)
 - Property damage
 - Tort liability

FLEET SAFETY

- ▣ Defensive driving training
- ▣ Written vehicle policy
- ▣ Pre-trip inspections
- ▣ Maintenance records
- ▣ Accident investigations (Preventable vs. Unpreventable)
- ▣ Motor Vehicle Records examination
- ▣ Distracted driving
- ▣ Cell phone and Texting While Driving (TWD)

Theft Prevention

- ▣ Security systems with video recording
- ▣ Audible alarms
- ▣ Fencing
- ▣ Key boxes
- ▣ Signs
- ▣ Direct signals
- ▣ Management policies
- ▣ Employee bonds/background checks
- ▣ Video surveillance

LIGHTNING/SURGE PROTECTION

- ▣ Lightning and surge protection surveys
- ▣ Protective equipment
- ▣ Increasing use of technology
- ▣ Equipment replacement cost
- ▣ Cost of equipment failure
 - Damage to property of others
 - Interruption of business continuity
 - Loss of vital information

SAFETY PROGRAMS

Safety programs should be related to exposures regarding the organization.

They should be in writing and given to each employee. It should be verified that each employee has a comprehensive understanding of each safety policy.

All members/employees of the organization should be expected to follow the policies.

Recommended Safety Programs

- ▣ Vehicle safety
- ▣ Personal Protective Equipment (PPE)
- ▣ Hazardous Energy – Lock Out/Tag Out (LOTO)
- ▣ Electrical Safety
- ▣ Fire Safety
- ▣ Slip/Fall prevention – Housekeeping
- ▣ Trenching and Excavation
- ▣ Aerial Lifts

Recommended Safety Programs

- ▣ Confined Spaces
- ▣ Material Safety Data Sheets (MSDS)
- ▣ Fall protection
- ▣ Work zone safety
- ▣ Emergency Action Plans
- ▣ Workplace violence
- ▣ Ladder safety
- ▣ Ergonomics

OSHA

- ▣ Kentucky OSHA
- ▣ Compliance Programs
- ▣ Training
- ▣ Audits
- ▣ Injury reporting

Standard Operating Procedures

- ▣ Employee policies
- ▣ Emergency Action Plans
- ▣ Customer complaints
- ▣ Violations or citations
- ▣ Employee discipline and termination
- ▣ Employee benefits/wages
- ▣ Security measures

Issue: Back Safety

- ▣ Heavy lifting
- ▣ Twisting at the waist
- ▣ Reaching & lifting
- ▣ Lifting & carrying objects with awkward shapes
- ▣ Working in awkward, uncomfortable positions

Best Practice: Back Injury Prevention

- ▣ Assessment
- ▣ Before you lift
- ▣ Lifting the load
- ▣ Carrying the load
- ▣ Setting the load down

Best Practice: Avoiding Slips and Falls

- ▣ Housekeeping Slips, Trips
- ▣ Wet & slippery surfaces
- ▣ Obstacles in walkways
- ▣ Lighting
- ▣ Footwear
- ▣ Individual behavior

Best Practices: Avoiding Slips, Trips, & Falls

- ▣ Uneven surfaces
- ▣ Stairs
- ▣ Ladders
- ▣ Docks/Ramps

SAFETY IS NO ACCIDENT ...

and it costs less!

RISK MANAGEMENT QUIZ

1. Do you have a risk register listing the risks you have identified?

- A. A risk what?
- B. Yes, but it is out of date
- C. Yes, and it is up to date
- D. Yes, and it is up to date and regularly reviewed, and actions have been taken to mitigate these risks

2. How is your business-critical computer data backed up?

- A. It isn't backed up at all
- B. It is backed up on the same site
- C. It is backed up to a different site
- D. We have a coherent backup strategy in which data is backed up to multiple off-site locations and we have tested that it can be restored when necessary

3. How do you manage key skills in your organization?

- A. Key skills have been identified and recorded, and training and succession planning take these into account
- B. We have tried to ensure that key skills are shared by at least two people in the organization, in case one of them leaves
- C. Someone else is responsible for everything to do with skills and training
- D. There are some things that only one person knows how to do

4. Which of the following tactics have you used to manage risk?

- A. Avoidance of the risk, eliminating it entirely
- B. Reduction of the risk, making it less likely to occur or less damaging if it does occur
- C. Transferring the risk to a third party, for example by using outsourcing or insurance
- D. Retaining the risk, having evaluated it and budgeted for its possible occurrence

5. How do you prioritize the risks faced by your business?

- A. In order of probability, most likely first
- B. In order of cost, most expensive first
- C. Using a combination of probability and cost
- D. Risks are not prioritized at all

6. Which of the following best represents your view of risk management?

- A. It is not possible to predict what will happen so risk management is a waste of time
- B. Our competitors face the same risks we do, so risk management doesn't help us to gain a competitive advantage
- C. Although there will still be unforeseen problems faced by the business, risk management will help to minimize these
- D. Risk management, if done thoroughly, can solve all our problems

7. Who is involved in your risk management process?

- A. Everyone in the business is encouraged to contribute
- B. Only team leaders and managers are involved with recording and handling risks
- C. Risk management is ad hoc and different parts of the business handle it in different ways
- D. Only the very senior management look at risk for the enterprise as a whole

8. Do you do Business Continuity Planning (BCP)?

- A. No, what's that?
- B. I think more senior managers in the organization do it
- C. Yes, it's important that we are able to carry on providing services in all circumstances
- D. We do some BCP, but there's probably more we could do

Answers

Award yourself points as follows.

Q1 A 0, B 0, C 1, D 2

Q2 A 0, B 0, C 1, D 2

Q3 A 2, B 1, C 0, D 0

Q4 Add half a point for each tactic you have used

Q5 A 1, B 1, C 2, D 0

Q6 A 0, B 0, C 2, D 0

Q7 A 2, B 1, C 0, D 0

Q8 A 0, B 1, C 2, D 1

Rating

0–4 You probably already realize that your management of risk is not adequate. Although each individual risk faced by your business may have a low probability of occurring, there are lots of them. When taken as a group, you can be sure that your business will suffer adverse effects from events that you could have foreseen and counteracted. Ask your employer for training in risk management and seek to change the organizational culture if risk management is not seen as a high priority.

5–11 You understand how to manage risk, and take active steps to do so. However, there is more you could do. This questionnaire should have given you some pointers about things you could do differently to better manage the risks faced by your organization. Training or mentoring may help you to fill in the gaps, and help you to protect your project and the organization as a whole against potentially expensive events.

12–16 Well done! You have scored very highly, indicating that you are already managing risk well. Although you are following the steps necessary for risk management, you must also ensure that you spend sufficient time on these tasks and go into them in enough detail to really get the most out of the process. Make sure everyone around you understands the importance of managing risks, reducing the likelihood of things being missed. You might find it useful to trade critiques of risk management procedures and documents with one of your peers.

Questions / Comments



Thank you for your time !